WORK
A paradigm shift

Contents

Introduction

COVID-19 has had a cataclysmic effect on the world of work, furthering rapid change already brought about by the impact of the fourth industrial revolution.

The world of work will never be the same again. The COVID-19 pandemic has wrought irreversible change on businesses, employees and society, altering how, when and where work happens.

At the same time, digital transformation programmes and skills development frameworks already in place due to the fourth industrial revolution have accelerated, as organisations look to first survive, then thrive in this new era.

So as we move out of the crisis stage of the pandemic and into recovery, just what does the future of work look like?

This paper sets out to examine what future workplaces, employees and leaders look like. In doing so, we've surveyed 100 HR leaders across EMEA, spoken to leading HR professionals about the key challenges facing their businesses, and asked leading academics and authors for their take on how the future of work is shaping up post-pandemic.

Our findings point to a new paradigm in employee/employer relations. Gone are the days of command and control leadership, with future generations (both young and older) valuing emotional intelligence, empathy and meaning in organisations and leaders.

> **Driven by lockdown experiences, employees want more choice in where, how and when they work**

Driven by lockdown experiences, employees want more choice in where, how and when they work, with a continued focus on wellbeing and mental health.

Meanwhile, businesses are dealing with a quantum leap in technology, with the pandemic forcing customers, people processes and recruitment further online. Skills development and reskilling will be a big focus for the coming years as businesses continue to grapple with the impact of digital technology.

The past year has brought huge disruption and upheaval to the world of work, but the seeds of recovery are discernible. With this recovery comes the chance to reshape work and working lives for the better – we hope this paper explores how.

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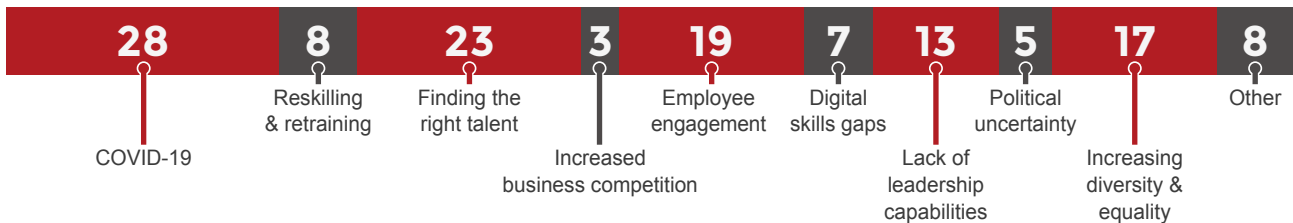HR director meal solutions, 2 Sisters Food Group

Nelson Phillips
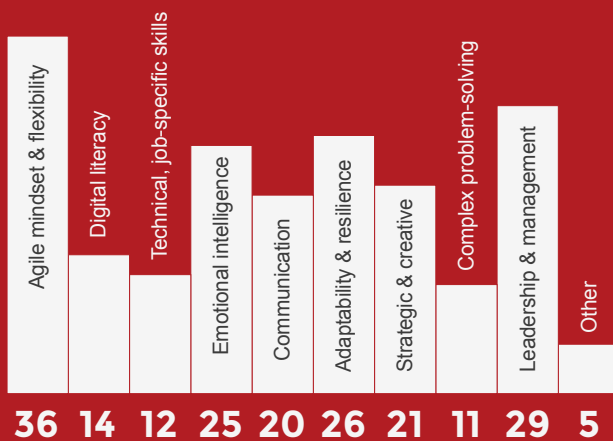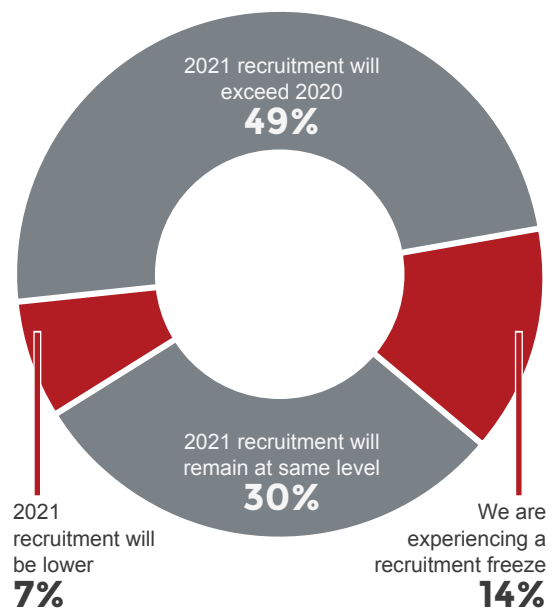Professor of innovation and strategy, Imperial College Business School

Survey results

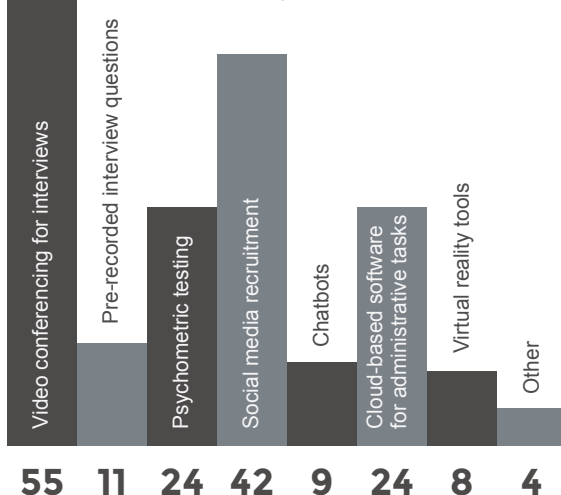## What are the biggest challenges facing your organisation?

28	8	23	3	19	7	13	5	17	8

- COVID-19 — 28
- Reskilling & retraining — 8
- Finding the right talent — 23
- Increased business competition — 3
- Employee engagement — 19
- Digital skills gaps — 7
- Lack of leadership capabilities — 13
- Political uncertainty — 5
- Increasing diversity & equality — 17
- Other — 8

What are the skills your organisation needs to be successful in the future? (respondents picked top 3)

Agile mindset & flexibility	Digital literacy	Technical, job-specific skills	Emotional intelligence	Communication	Adaptability & resilience	Strategic & creative	Complex problem-solving	Leadership & management	Other
36	14	12	25	20	26	21	11	29	5

How will your recruitment levels in 2021 compare with 2020?

- 2021 recruitment will exceed 2020 — 49%
- 2021 recruitment will remain at same level — 30%
- 2021 recruitment will be lower — 7%
- We are experiencing a recruitment freeze — 14%

What virtual recruitment tools will you use in 2021?

Video conferencing for interviews	Pre-recorded interview questions	Psychometric testing	Social media recruitment	Chatbots	Cloud-based software for administrative tasks	Virtual reality tools	Other
55	11	24	42	9	24	8	4

What percentage of your workforce will return to office?

0%	6
1-25%	6
26-50%	27
51-75%	29
76-99%	14
100%	18
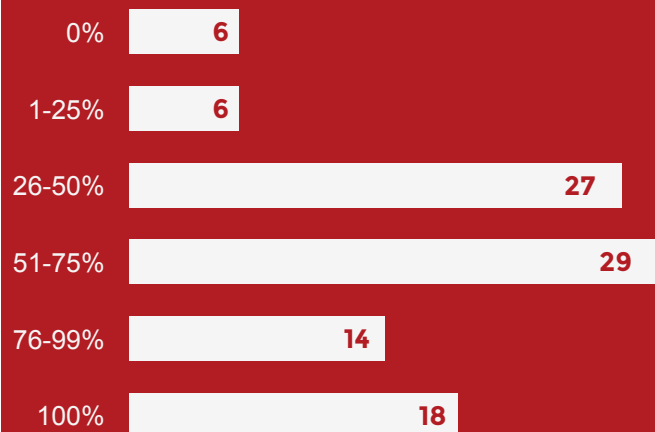
Survey results

How well prepared was your organisation for the shift to remote working?

Very well
35%

Adequately
32%

Under
29%

We didn't move to remote working
4%
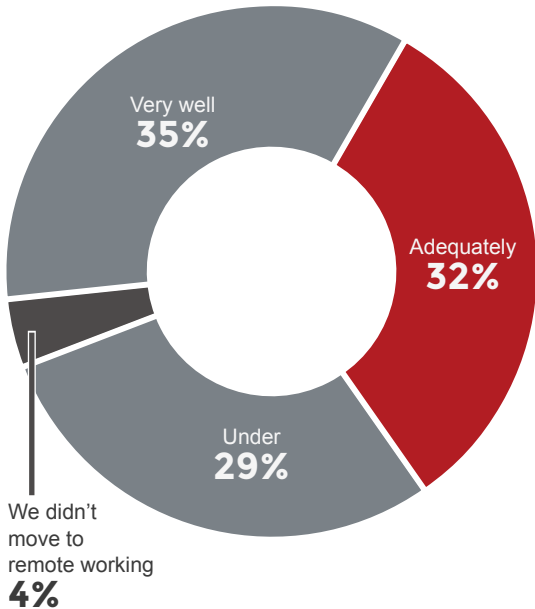
What impact did remote working have on your productivity?

More productive
54%

Less productive
13%

No change
33%
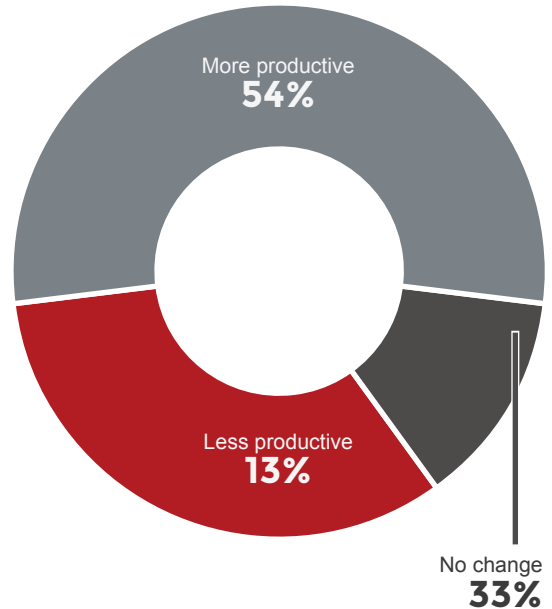
Does your organisation prioritise the mental health and wellbeing of employees?

A little
29%

Yes
52%

Don't know
13%

No
6%
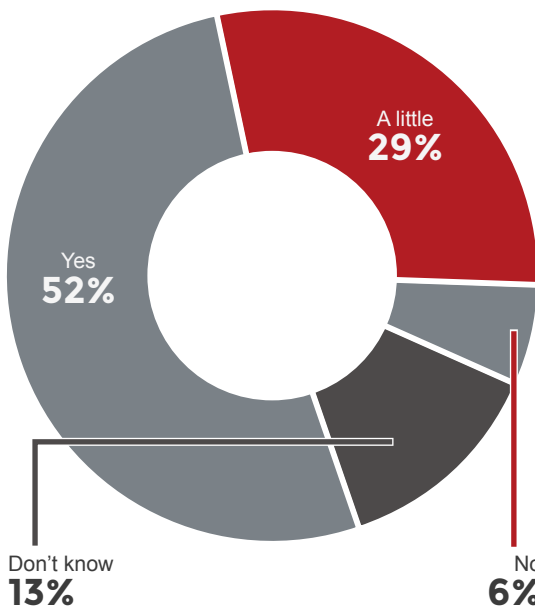
Is diversity, equality and inclusion a stated priority in your organisation?

Yes
68%

No
11%

Don't know
21%
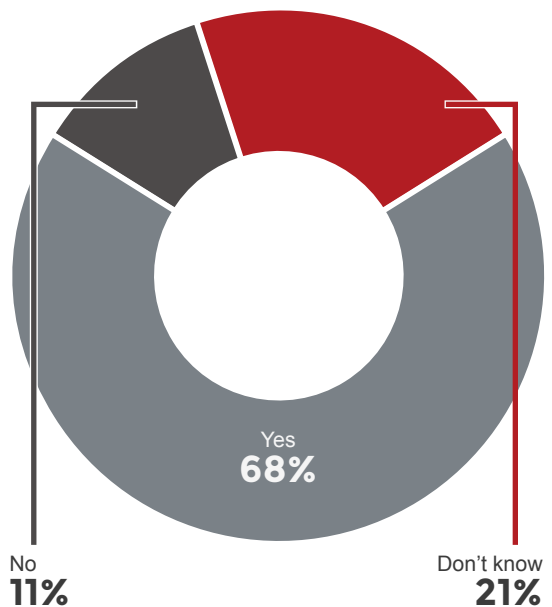
What has been your biggest frustration with remote working?

24	20	13	30	21	29	18	41	8

Loneliness

Poor audio/ constant talking in virtual meetings

Lack of workspace

'Always on' culture

Family interruptions

Difficulty in engaging in collaborative work

Working hours

Mental fatigue

Others
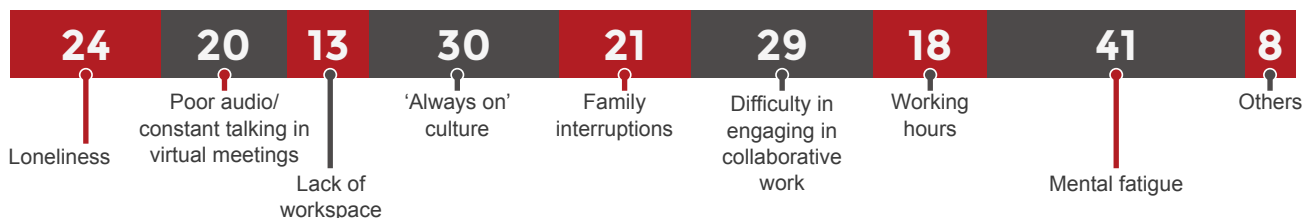
Key findings

The future workforce is younger and older
Gen Z is entering the workforce – a digitally native generation set to be defined by the impact of COVID-19. At the same time, existing employees are living and working longer. How do organisations deal with their competing demands?
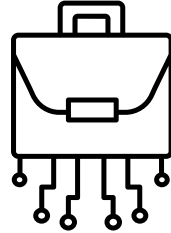
Digital transformation isn't accelerating – it's quantum leaping
Digital transformation programmes have been key to businesses surviving the pandemic – and the pace of technological change is only going to get faster.

Diversity and inclusion is an approach to talent, not numbers
The future of work will be inclusive but achieving this won't be about targets and statistics, rather an approach to talent and engagement in difficult conversations.

Command and control leadership is finished
The pandemic has ushered in a new era of empathetic, communicative leadership. CEOs need to embrace human-centric leadership to thrive.

The office is about collaboration, not presenteeism
2021 will see employees return to the office but for most organisations, the office will be a place for project-based collaboration, rather than day-to-day work.

Recruiters will become a strategic knowledge base
Recruiters have been on the frontline of talent planning during the pandemic and hold vital business information on the candidate and employee landscape. Expect recruiters to partner more closely with the C-suite.
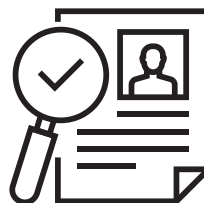
Soft skills are key skills
50% of us will need to develop new skills in the next five years due to the impact of technology. In a changing world, soft skills like resilience, creativity and emotional intelligence are going to be key.
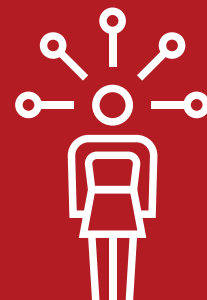
Wellbeing and psychological safety continue to grow
The pandemic has thrown mental health and employee wellbeing into the spotlight. As we return to work, expect wellbeing and psychological safety to become more important, not less.

"

The pandemic has ushered in a new era of empathetic, communicative leadership. CEOs need to embrace human-centric leadership to thrive

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The future of work

The COVID-19 pandemic has disrupted the world of work globally. Millions of jobs have been lost, millions more have been furloughed, and traditional ways of working have been turned upside down.

As businesses have struggled to adapt, many have been forced to accelerate existing transformation programmes geared towards the future of work. Digital transformation, flexible working and future skills development have all been pushed higher up boardroom agendas as businesses deal with the fallout from the pandemic.

However, it's not just about the pandemic. Issues around diversity and equality, the impact of technology on working lives and dealing with global challenges in a fragmented world will all be at play during 2021 and ongoing. So what will the future of work look like?

Impact of COVID-19

The impact of the COVID-19 pandemic will be felt for many years to come. Recent estimates by the UN-mandated International Labour Organization suggest that a total of 115m jobs were lost in 2020, with a 4.4% drop in global GDP. In the US, more than 14 million people lost their jobs between February 2020 and May 2020. To put this into context, a total of 8.8 million Americans became unemployed during the last global recession between December 2007 and January 2010. The numbers are staggering.

This period has seen many businesses move into survival mode, furloughing employees, relying on government support and cutting back on recruitment. We've also seen a significant focus on employee wellbeing and mental health. Indeed, back in April 2020, Brian Moynihan, CEO of Bank of America and chair of the World Economic Forum's International Business Council, warned CEOs that "the number one thing to focus on is employees and customers. When it comes to taking care of employees, keep them well, keep them employed and keep them mentally healthy".

The first stage of this saw an unprecedented shift to remote working, with more than a third (36%) of UK workers working exclusively from home in May 2020, according to the Office for National Statistics. As we progressed through national lockdowns, the focus moved to 'Zoom fatigue' and the impact on staff of continued video calls, and work/life balance as parents juggled childcare and younger employees battled loneliness.

> **Issues around diversity and equality, the impact of technology on working lives and dealing with global challenges in a fragmented world will all be at play during 2021 and ongoing**

HUDSON RPO

Now, businesses are juggling the impact of a looming return to office with employee safety and new expectations around how, when – and why – we work.

So what COVID-19 changes will we take into the future of work?

Virtual recruitment

Our 2020 paper *After the Pandemic* reported that 95% of Hudson RPO clients moved to an entirely virtual recruitment process during the pandemic, compared with less than 10% using end-to-end virtual hiring before COVID-19. Virtual recruitment is here to stay – and this will benefit recruiter productivity and candidate experience.

Tools that have worked well during the pandemic, such as video interviewing, will become a natural part of the recruitment process moving forward. We expect the use of technology to broaden the scope of virtual recruitment, with pre-recorded interviews (where candidates record answers to pre-selected questions) and online assessments becoming the norm, rather than exception. Face-to-face interviews will be reserved for the final stage. At the same time, improvements in sourcing technology means that recruiters will be able to create more tailored candidate lists.

In addition, we are seeing a trend towards moving the administrative side of recruitment online. An example of this is replacing physical employment contracts with tools such as Docusign that allow candidates to sign their contract virtually.

The outcome of this technological revolution will be two-fold. Firstly, recruiters will be freed from time-consuming administrative tasks to focus on more strategic work. Recruiters have been on the frontline of talent planning during the pandemic and hold vital business intelligence

> ❝ **Expect 2021 to be the year the recruitment function becomes a strategic knowledge base** ❞

on what potential employees expect from businesses post-pandemic. This means they can have strategic input on workforce planning, how to engage with candidates and even how much office space an organisation needs.

Expect 2021 to be the year the recruitment function becomes a strategic knowledge base.

Secondly, the use of technology – if done well – should result in a quicker and more modern candidate experience. We know that the next generation of employees are motivated by technology, so providing a slicker digital experience can only enhance an organisation's employer brand.

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CASE STUDY:

Simon Calfe, regional resourcing lead EMEA, Macquarie
**What happens when your onboarding
policy has to go online overnight?**

When the pandemic hit, we had to move all recruitment processes online. We already had a lot of tech in place that made it a relatively seamless transition, though we did spend a lot of time coaching our hiring managers on how to adapt to virtual interviewing. This was about understanding the medium we were using and not relying on body language, or looking at attire and background, and making allowances for the situation. We created a one-page document detailing how to conduct virtual interviews.

Where we did have to spend a lot of time was on our onboarding process. Previously, every new employee would have started in a Macquarie office. This meant we didn't have any remote onboarding processes, so we had to invent one from scratch. The approach we took was to be as high-touch as possible. Whether it

was the employment contract phase, background screen or sending technology to the hire so they could start, we decided to over-communicate and over-play so that candidates got the best experience possible.

When it came to the actual start date, this is fundamentally driven by the manager and department. However, in a virtual world you need to be even more proactive in ensuring communication happens, particularly in the first few weeks.

So, we encourage managers to make sure that other team members are booking in meetings with new hires and that they're being included and engaged in as many topics as possible. In the office, you can see this happening around you, but virtually, you need to be more proactive. Some managers adapted better than others,

but on the whole feedback has been positive. Over the course of the past 12 months, we've hired 3,000 people globally and close to 500 in EMEA alone. There has been almost no disruption to recruitment and one of the most pleasing things is that it has almost been business as usual. We have proved that the vast majority of roles can work from home.

We already had a flexible working policy that allowed employees to work how they wanted, but 2021 will see us revisit that to assess how it works when we return to the office. There is no one-size-fits-all approach and it will depend on job role, region and business. We're looking to Australia and New Zealand – which are already ahead of us in terms of returning to the office – to see how a hybrid policy might work.

"There has been a dramatic shift in thinking around workplace flexibility "

Flexible working
A key trend across the EMEA region has been a dramatic shift in thinking around workplace flexibility. While the impact of lockdowns may have initially forced organisations into flexible working, many have seen little negative impact on productivity and are looking at how they can adopt 'hybrid' working models post-pandemic. Cultural barriers around presenteeism and technological concerns have been broken, with employees increasingly expecting to have flexibility built into their work schedules.

The future of work

With this in mind, organisations as diverse as Unilever, Twitter, Siemens and Google have all committed to partial or full remote working post-pandemic, although the trend is largely led by tech and digital giants.

Yet others are looking to reduce office space – and related costs – going forward, even if that means closing or minimising headquarters and moving to shared office space and hotdesking.

As Coinbase CEO Brian Armstrong told employees in May: "Our vision is to have one floor of office space in 10 cities, rather than 10 floors of office space in one city."

Despite this, it's important to remember that the percentage of employees who can work remotely is actually relatively low.

McKinsey's *What next for remote work?* study examined 2,000 tasks in 800 jobs across nine countries, finding that just over 20% of our workforce could work remotely for three to five days a week. While this is admittedly four times as many people as were working remotely pre-pandemic, it still leaves more than half our workforce tied to physical places of work. Ultimately, long-term remote working will be the preserve of a minority of highly skilled workers in a handful of industries. Ensuring fairness and cohesion between remote and on-site workers will be a future challenge, with some organisations we spoke to already dealing with a 'them and us' mentality between the two groups.

> **Ensuring fairness between remote and on-site workers will be a future challenge**

EXPERT COMMENTARY:

Nelson Phillips, professor of innovation and strategy, Imperial College Business School
The people paradox of digital transformation

Too many leaders treat digital transformation as a technology problem. The general belief seems to be that if you get the technology right, then the benefits will follow. But this is wrong and, in fact, as more technology appears in the workplace, leaders must focus more on people, rather than less. The COVID-19 pandemic, and the dramatic move to cloud-enabled working, highlights this issue in bold relief. So, what have we learned about leadership and digital transformation from the past year of working from home?

First, as working becomes increasingly digitally mediated, leaders must ramp up people-focused communication with their reports. The casual chat in the hallway or at the coffee machine has to be replaced to maintain the social relationship between leader and follower that underpins effective leadership. In practice, this means scheduling short video calls to check in on direct reports and discuss how they are feeling. These check-ins needn't be long, but what they must not be is about progress on tasks. They are about how the person is feeling and how the new ways of working are affecting them.

Second, the social relations among team members need to be maintained. The leader needs to look for opportunities to build in informal digital spaces for team members to interact. While there is a natural urge to try to be as efficient as possible in online meetings, building in some slack for casual interaction can work wonders. One possibility is for the leader to informally facilitate a few minutes of unstructured interaction at the beginning of meetings. Informal interaction is highly effective at producing the 'social glue' that holds teams together and it is the leaders' responsibility to make sure this interaction feels natural and unplanned (even though it is planned).

Finally, give gimmicks a go! There are many different options for increasing communication and interaction among team members during and between meetings. These include games of various forms, polls, and specialised mobile phone apps that allow feedback about an idea to be easily and quickly gathered from a group. Try to use as many of these as you can to make meetings more active and engaged. Groups that have worked together for an extended period can 'coast' for a while, but the social glue that holds things together at work will slowly erode unless radical action is taken.

The people paradox of digital transformation means that every technological addition at work creates a people challenge. And good leadership means dealing effectively with these new challenges.

Return to office

Perhaps, then, it is unsurprising that our research shows a significant trend towards businesses returning to the office this year, whether full-time or part-time. Remote working, furloughs and lockdowns mean many organisations have lost some of the culture and values they acquire by having people immersed in a business – and leaders will be desperate to get that back.

However, how we use offices and what they look like will be very different. As office footprints get smaller and restrictions are placed on the number of employees who can attend, the future of the office will be about essential in-person meetings, brainstorming and collaboration. They will become places for team working and vital – rather than day-to-day – work.

The biggest issue for physical places of work post-pandemic will be safety. Larger organisations will be able to introduce lateral flow tests (as ASR Group did back in April) or temperature checks (as bankers at Goldman Sachs and JP Morgan reportedly did back in September). For others, it will be more about reconfiguring spaces to comply with governmental regulations, such as moving workstations further apart and encouraging employees to sit back-to-back or side-to-side, rather than facing each other.

A further challenge will be psychological safety, as employees deal with nervousness around returning to the office and being in close proximity to colleagues after long periods of isolation. Global businesses will look into the experiences of their APAC divisions, where the return to offices is ahead of EMEA divisions.

> **The biggest issue for physical places of work post-pandemic will be safety**

CASE STUDY:

Phil Herbert, VP HR, Sharp Electronics Europe
The switch to remote working

Sharp in Europe is part of a multinational Japanese company with a traditional office-based working culture. So how did the switch to remote working affect employees and will they go back to the office permanently?

Pre-COVID-19, we had some flexible working patterns but not to a large extent. The expectation was that people should – and need to – be in the office. We had spoken about the need to be more flexible to attract younger people to the organisation, but it was more about studying its effect, rather than actually adopting it.

Twelve months on, there has been a big shift in attitude. Being forced to work remotely was a huge jump for the organisation, from both a physical 'how to do it' and a cultural trust perspective. But the organisation has seen that it can work and that there are benefits, both to employees and to the business.

From an employee perspective, we've seen our colleagues welcome increased flexibility in working patterns and we've also been able to attract new people into the business. This is important as we're looking to diversify beyond print solutions into the IT services sector, which has a different skillset. As we're no longer constrained by a physical office, we've been able to broaden our search for talent.

From an organisational perspective, remote working means we've been able to reduce our office footprint. In Germany, our colleagues have agreed to move permanently to a 3-2 model, where they work from home three days a week and two in the office. This has allowed us to reduce our office space in Germany by a third.

Do we see people going back to the office full-time? For some roles, yes. But for lots of roles, working hours will be split between home and the office. Before the pandemic, I don't think we would have got that far, as managers would have been reluctant to change managerial styles and face-to-face meetings. However, the pandemic has forced them to adopt technology and they've realised they can get the same productivity and communication remotely.

The true test will be when we reopen. Before the pandemic, we used to have leaders fly in from Europe for an afternoon of meetings. Will we still insist on that when we return? My hunch is that face-to-face internal meetings will diminish substantially, as we're now used to Microsoft Teams as a way of talking.

Ultimately, the pandemic has sped everything up. We would have got there eventually, but it might have taken a few years. Now, it's already happening.

Digital transformation

Before the pandemic struck, many organisations were dealing with digital transformation programmes. COVID-19 has accelerated this process. According to a McKinsey whitepaper, COVID-19 has pushed businesses over the digital tipping point. It surveyed nearly 900 C-suite executives across industries, finding that digitisation of customer interactions and internal operations had accelerated by three to four years on average over the past year.

The share of digital products in these executives' companies had accelerated by a scarcely believable seven years. There is no going back, with executives predicting these changes to be long lasting and that funding for further digital initiatives will only increase.

This means that the days of a separate digital strategy are at an end. For major organisations, there is no longer a distinction between digital and corporate strategies – they are one and the same.

> **" As we're no longer constrained by a physical office, we've been able to broaden our search for talent "**

Diversity in the workplace isn't a nice to have – it's inevitable

So how will this play out in the future of work? It's likely that the biggest changes will be the ones that stick. Just as we've all got used to ordering groceries, clothes and services online during the pandemic, customer expectations around remote interactions and online purchases will continue to grow. We've already discussed the impact of remote working, but with this comes an increased focus on digital and data security as organisations move sensitive information onto cloud systems. There will be no slowdown in the impact of technology on the world of work.

Diversity and inclusion

The future of work will be inclusive. Diversity in the workplace isn't a nice to have – it's inevitable. Businesses that are unable to grasp this will falter and eventually become insignificant.

While diversity and inclusion agendas have long been a priority for HR and recruitment teams (good ones at least), change is coming from the top. Business leaders and C-suite executives are increasingly pushing diversity agendas, much of them driven by the social changes we see in the wider world. Issues like gender pay gaps, the Black Lives Matter movement and transgender rights have all impacted on businesses, which are increasingly pressured by customers and employees to take a stand and drive change.

However, there is a long way to go. In the UK, 2021 saw no black CEOs, chairmen or CFOs in FTSE 100 companies for the first time since 2014. Only 3.4% of CEOS and CFOs

"Diversity isn't the remit of one individual or team, but an entire organisation"

identified as an ethnic minority – the same level as 2014. Diversity isn't just about opportunity – it's about leaders and role models at the very top.

So how are businesses changing? Many organisations are hiring chief diversity officers – LinkedIn postings for CDOs jumped 100% in the month after the Black Lives Matter protests began – to provide a C-suite-level view on equality, but their impact can vary.

Ultimately, diversity isn't the remit of one individual or team, but an entire organisation. It's also important to remember that true inclusion welcomes difficult conversations. Not all employees are going to agree about societal issues, but the key is providing a respectful, open space for conversations to take place.

EXPERT COMMENTARY:

Simon Fanshawe, author and co-founder, Diversity by Design
Diversity must mean something to everybody

The idea of diversity doesn't hang in abstract. It's not a thing in and of itself and 'good' diversity isn't a number-counting exercise done by someone running in parallel to the business. Instead, it should be an approach to talent created to achieve strategic objectives.

Organisations become confused when they talk about diversity. Most see it entirely in terms of a 'deficit' – not enough women in senior positions, not enough people from particular backgrounds. They don't use an asset-based approach to diversity, which is about seeing what your people bring to your business through who they are.

The problem with this is two-fold. Firstly, it fails to answer the 'why' of the strategy. Why do you want to hire more women into your business? What is it about the combination of men and women in your organisation that will enhance what you're trying to do?

Second, it fails to engage your people. If you only see diversity as something about minorities and your approach is based on numbers, it's a zero-sum game. So how do you engage people? By not imposing things on them. To truly engage in discussions around diversity, it has to mean something to everybody on the team. Everybody has something to contribute and it's about valuing this difference in combination with others.

This brings us to the question of inclusion. Most leaders define inclusion as 'in order to be inclusive, we have to think this way, use this language and behave this way. If you don't, we'll exclude you'. Actually, inclusion – and this is hard for managers to action – is about providing a space for difficult conversations to take place. It's a space for disagreements to happen, because in this way you get real progress. That is the essence of good management on diversity.

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If you only see diversity as something about minorities and your approach is based on numbers, it's a zero-sum game

"

The future employee

The 'Future of work' section has already looked at how the pandemic has accelerated digital transformation in our organisations, but there's another way COVID-19 is changing the world of work – and that's related to what our people expect from us.

Depending on where you draw the age range marker, Generation Z (those born in the early 1990s to late 2000s) are already the biggest percentage of our global population or are well on their way to being so. And just as baby boomers and millennials changed the way we work and what we expect from it, so too will Gen Z, with their focus on skills development and engaging work.

Enforced working from home has also changed how other generations view work. Divorced from the daily commute and long hours in the office, some employees have enjoyed the ability to spend more time with family and work at their own pace, while others have had to deal with the loneliness and claustrophobia of working from cramped flats and shared houses. Bringing these competing desires together and rebuilding organisational culture will be a challenge, particularly as we live and work longer.

So what does the future employee look like?

"Attracting, retaining and reskilling older employees will be a key challenge to businesses "

Changing demographics

One of the main drivers behind our ageing workforce is that we're all living longer. According to the Resolution Foundation's 2019 paper *Ageing, fast and slow*, men born today in the UK can expect to live 8.4 years longer than in the 1980s, with women living 6.1 years longer. Around half of children born after the millennium can expect to live to 100 years of age.

The impact of this is two-fold. First, people are staying in work much longer than previously. According to the CIPD, there are now 185% more over 65s in the workforce than there were in 1992. The average employee in the UK is in their 40s, with one in three workers aged 50 or over. Attracting, retaining and reskilling older employees will be a key challenge to businesses over the coming years.

The flipside of this is the integration of Gen Z into the workforce. While generalisations about any generational cohort should be taken with a pinch of salt, there are some things that mark them out.

The future employee

The most obvious factor is that Gen Z is the first digitally native generation. Its members have never known a world without the internet or mobile phones and are used to digital communication first.

Members of Gen Z are diverse and open to researching new ideas. Information is at the touch of the button, and knowing why they are doing something is more important than simply doing it. If a Gen Zer is going to work for 50 years, they want to know why.

A survey of Gen Z individuals by Deloitte asked them to choose between a highly paid but boring job and one that was more interesting but paid less – the respondents were split evenly between the two options. To attract the next generation of employees, organisations will increasingly need to articulate their brand, standpoint on global issues and motivations.

A further factor employers need to understand with Gen Z is the impact of the pandemic on their future outlook. In the same way 9/11 and the 2007 global banking crisis caused millennials to seek order and meaning in their work, COVID-19 will be a life-altering experience for Gen Z.

As workplace expert Lauren Stiller Rikleen wrote in a *Harvard Business Review* article entitled 'What your youngest employees need most right now': "For the rest of their lives, the time the world stopped will be seared in Gen Z's collective memory, a generation-defining moment that instilled deep fears about their uncertain futures. Overnight, they lost their daily interactions with the teachers who trained them, coaches who mentored them, clubs who fulfilled them and friends who sustained them."

The fallout from the pandemic will be long-term and life-changing.

> **If a Gen Zer is going to work for 50 years, they want to know why**

EXPERT COMMENTARY:

Emma Birchall, MD, Hot Spots Movement
Tracking generations through the pandemic

When you look at the impact of the pandemic on Gen Z, you've got two competing trends. Firstly, Gen Z is living through a time of huge instability. Unemployment has hit younger people particularly badly, even more so in insecure roles such as in the leisure and entertainment industries. For a large section of the Gen Z population, instability has been the defining factor of the pandemic.

From this, I would expect to see a greater accommodation for and expectation of instability in the Gen Z demographic going forward. They will want to manage their lives in a way that assumes that employers may not want to keep them around for a length of time. They won't rely on job security in the way you could a couple of generations ago.

The other side is that this has been a very important time for organisations to show their true colours. Businesses have been talking for decades about how wonderful they are and what they contribute to society. But the past year, with COVID-19, Black Lives Matter and gender pay gaps, has been a real test. Are they who they say they are?

In general, people have been pretty positive about their employers, particularly knowledge workers and in organisations where wellbeing has been central. That element of purpose and meaning in work has become stronger among the section of Gen Z who have had a choice about where they're going to work.

Tracking older workers through COVID-19 has been much harder and they have received less attention, with the perception that younger employees have been harder hit. The challenges are much the same as pre-pandemic: organisations don't know what to do with a 75-year-old who is presumed to be too expensive, too difficult to manage and too low on energy – the same old stereotypes.

Perhaps the change in flexible working will provide more opportunities to older workers. The idea that where and when you work matters less than output is pulling the thread on lots of things that organisations think about. It's creating opportunities to rethink the persona of the people organisations hire, which may create more flexibility with the profile and age of employees.

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CASE STUDY:

Lindsey Buckley, HR director meal solutions, 2 Sisters Food Group
Reshaping the future of work

While the pandemic has challenged the ways in which we work, the bigger question for me is about the purpose of work. What is it for? And how does the shift to remote working and new ways of working in our factories affect traditional ways of working, relationships and hierarchies?

As 2 Sisters is a manufacturing company, we have been less affected by remote working than others. As we have to make our products in person, around 95% of our employees still come to work every day.

Nevertheless, there have been challenges for the minority who have had to work remotely. We've seen problems around communication, with employees not picking up briefs and newsletters as they would naturally do if they were in the office. We have suffered with 'Teams fatigue', with constant back-to-back meetings and limited opportunities for corridor catch-ups. We know that poor communication can result in poor information flow and

knowledge gaps and create a barrier to effective team working, so we're looking at how to address this.

Our consultations with employees working remotely show that most would like a balance between remote working and office working after the pandemic ends. However, implementing this means answering lots of questions: how and when would employees come into the office? How do we meet with customers and suppliers? What safety measures need to be in place?

There are benefits to the hybrid model in relation to engagement and minimising turnover, if we adopt the right approach moving forward. We should achieve better work/life balance and have higher satisfaction rates and reduced absence. We can also save on estate and facility costs, expense claims and commuting.

It has also been important to be very aware and supportive of the vast majority of employees who have continued to work on-site. For these

employees, the challenges of the pandemic have been different. They've had to face the physical and mental challenges around COVID safety, coupled with the knowledge that colleagues who are more 'office' based do not come on-site so frequently. This has caused some challenges on the perceived divide between factory-based and office colleagues.

We have a responsibility to help and support colleagues working remotely or in the physical workplace to still connect and communicate. Even as more people return to the office, masks, screens and dividers make natural communication flows more stilted. The challenge is to find new ways to communicate.

The new workplace landscape will be about connectivity, no matter where you work from. We have all been affected by the pandemic, so we need to better recognise human qualities, such as emotional and social awareness – these will be the qualities of the best managers and leaders.

> **Remote working and the very real threat of illness have thrust mental health and emotional wellbeing into the spotlight**

Employee wellbeing and psychological safety
Of course, COVID-19 hasn't just affected the wellbeing of Gen Z. Remote working and the very real threat of illness have thrust mental health and emotional wellbeing into the spotlight like never before.

Most organisations reacted in a similar way. The first wave of lockdowns saw organisations focus on ensuring employees were able to continue working remotely, whether through supplying office equipment or moving data to cloud servers.

Next came a focus on individual employee's own circumstances. This saw businesses offering split working hours for parents, coffee catch-ups for those working alone and webinars and classes to alleviate stress.

As the pandemic enters a second year, businesses are now looking to the future. How can they ensure their employees feel supported to keep working (whether remotely or in preparation for returning to the office) and how much has our collective experience changed what we want from work?

The true answer is that no one quite knows yet. However, there are practical steps businesses can take to support their employees, such as planning phased returns to office, introducing temperature checks and lateral flow testing, and redesigning office layouts to minimise anxiety.

The bigger future challenge will be around psychological safety in the workplace. First defined by Amy Edmondson of Harvard University in 1999, psychological safety is all about having the confidence to take risks in the workplace. By minimising fear, we can maximise performance, she argues.

However, recent months have all been about fear. Illness, job losses, recession and loneliness mean that anxiety has surged. According to medical journal *The Lancet*, mental distress in the UK population rose almost 10% during the first month of the pandemic. Creating an environment where employees feel able to innovate, challenge and disrupt is going to be very difficult for employees,

> **Mental distress in the UK population rose almost 10% during the first month of the pandemic**

when their overriding feelings are of survival. Perhaps we'll see a 'slow and steady' approach over the coming year, with low attrition and conservative sales as businesses cautiously look to the future.

Future skills

The acceleration of digital transformation has also accelerated the skills profile organisations need. According to the World Economic Forum, there are four key skills types for the future of work: problem-solving, self-management, working with people, and technology use and development. Within these, innovation, influencing, critical thinking and active learning stand out as skills organisations need to develop.

Greater adoption of technology over the coming years means that the more in-demand skills will be social, emotional and technical, as machines take over repetitive and basic cognitive tasks. However, HR leaders have repeatedly found these skills harder to recruit. A 2019 study by McKinsey and SHRM found ▶

CASE STUDY:

Kevin Hough, people performance director, LV=
The importance of wellbeing to stay connected

Wellbeing and mental health are massive hot topics for us. We'd done a lot of work in this space already, but when the pandemic hit, we realised we needed to do something different and deliver things differently.

We introduced a Stay Connected campaign, which was a hub for people to access help, connect with colleagues and download information on how they might best work from home. We provided tips on safe working, connecting with people, mindfulness and support.

Our biggest learning was that less is more. People want bitesize information, so it's better to have a 30-minute webinar than a huge booklet to read –we tried not to overwhelm our people with tonnes of material. Instead, we based everything on our four pillars of wellbeing – which are physical, emotional, financial and social.

We had 'time to talk' sessions, where people could talk openly about how they were feeling. We recognised, especially at the start, that parents and homeschooling was an issue, so we brought in specialists to provide a parental support webinar. We found that interactive sessions, where people could be honest, ask questions and communicate, worked best for us.

Over time, we listened to our people and adapted our support to the challenges they were facing. We partnered with mental health charity Mind, which helped us deliver some courageous conversations training to all of our line managers. This enabled them to have powerful one-on-one discussions with their people, where they listened to their worries and looked at what support worked for individuals. When you're working virtually, it can be very difficult to pick up if someone is struggling or not. That was a big intervention that had great effect.

Another initiative we've introduced is coffee chats. You enter your details into a system and it randomly matches you with someone across the business, regardless of department, area or seniority, and you chat to that person for half an hour. It starts to increase your knowledge and network across the business, keeps you connected and is particularly helpful for people who have joined us while having to work remotely.

" Future in-demand skills will be social, emotional and technical "

that 37% of HR leaders struggled to find innovative, creative and good problem-solving skills, 32% were lacking people who could deal with ambiguity and complexity, and 31% found communication skills hard to recruit.

The organisations we spoke to are certainly aware of potential skills gaps within their talent. The challenge is attracting candidates in a competitive market. The growth of remote working has also impacted on certain companies, as they lose potential recruits to organisations in other cities or even countries. For employees, remote working has the chance to open up new avenues and opportunities.

"**50**% of employees will need to reskill in the next five years to meet the demands of automation and AI on our jobs"

Learning and development

Perhaps the solution to the skills crisis lies within. Gen Z – with an eye on the 100-year life – are motivated by the chance to develop new skills. The question is how to best deliver that training?

For Gen Z, the key lies in delivering bitesize learning that they can work through at their own pace. A study by LinkedIn found that 43% of Gen Zers prefer self-directed, independent learning, but only 58% felt they had the time to develop new skills. Microlearning tools and software could be the best way to encourage younger employees to upskill.

For existing employees, it might be more about reskilling into new areas. According to the World Economic Forum's *Future of Jobs* report, a staggering 50% of employees will need to reskill in the next five years to meet the demands of automation and artificial intelligence on our jobs. This is why skills such as resilience, adaptability and innovation are so vital – the pace of technology means we will continually have to adapt to new roles and functions.

However, it's not all gloom. As Klaus Schwab, founder and executive chairman of the World Economic Forum, says:

"The bounty of technological innovation which defines our current era can be leveraged to unleash human potential. We have the means to reskill and upskill individuals in unprecedented numbers, to deploy precision safety nets which protect displaced workers from destitution, and to create bespoke maps which orient displaced workers towards the jobs of tomorrow where they will thrive."
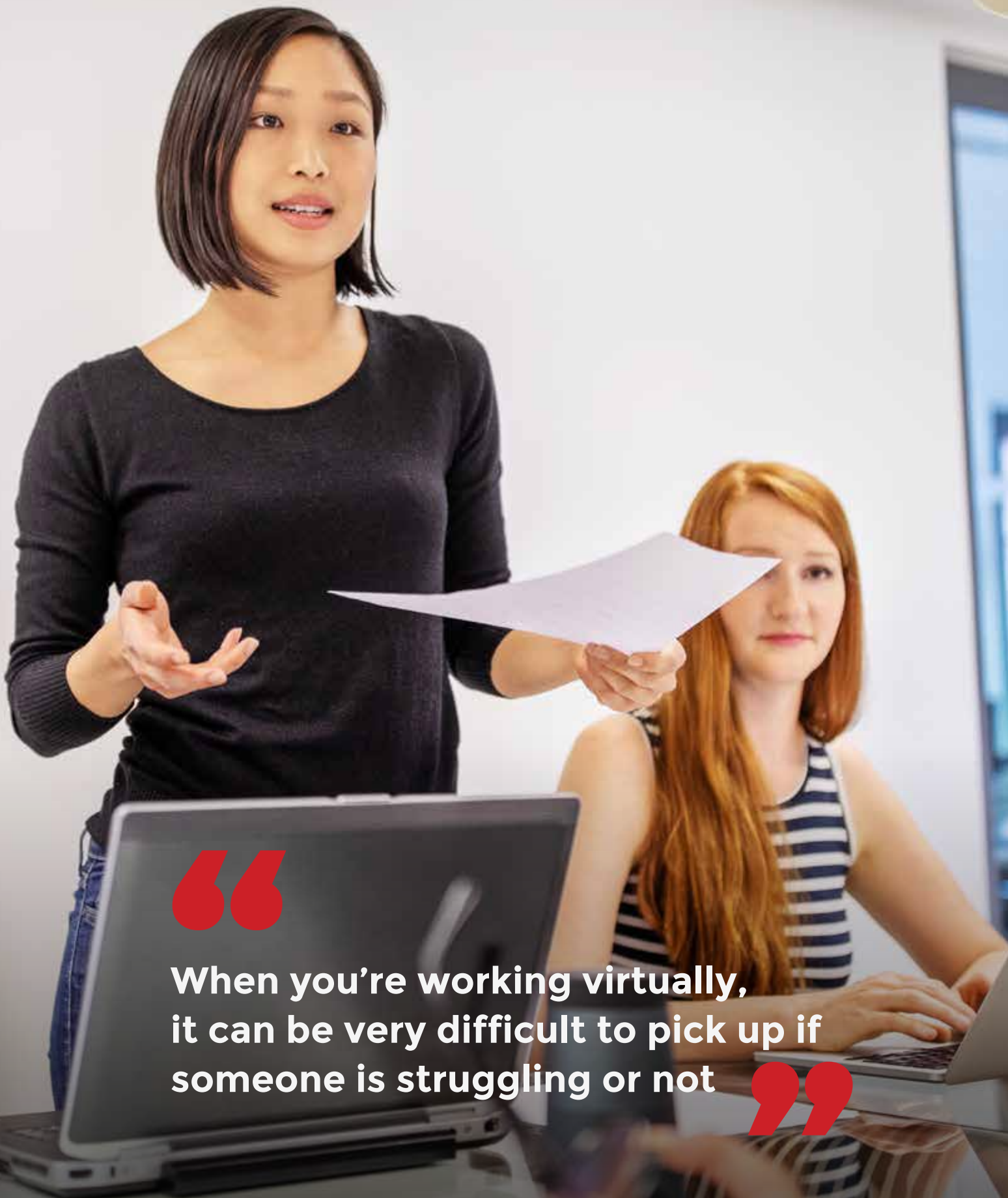
" When you're working virtually, it can be very difficult to pick up if someone is struggling or not **"**

The future leader

Organisational leadership has been under scrutiny like never before. From managing the safety of businesses and people, to dealing with financial pressures and the impact of societal issues, leaders and leadership styles have been tested to breaking point.

And the challenges aren't over. Managing the transition to new ways of working won't be possible without strong, capable leaders. So what does leadership of the future look like, and how will our organisations be set up?

Emotional intelligence

"Management is doing things right. Leadership is doing the right things," said management guru Peter Drucker – and that's the situation business leaders have found themselves in during the pandemic. Caught in an ever-widening crisis, leadership has been about communication, compassion and calmness.

The leadership teams that have got it right have focused on being open with their people about the unique challenges the business world has faced, have listened to what their employees have needed to survive and have remained level headed.

In among this, it's easy to forget those that got things wrong. Pub chain Wetherspoons' decision to pay employees only 80% of their wages until government furlough schemes were in place (it later backtracked) was condemned, while Richard Branson's call for a government bailout of Virgin Atlantic, while employees were on unpaid leave, was a bad look.

Perhaps the biggest change has been the rise of emotional intelligence (EQ) as a key quality in leaders. Defined as the ability to identify and manage your own and others' emotions, EQ is a crucial differentiator in high-level positions.

> **Faced with myriad uncertainties, employees want to be valued, heard and understood**

As psychologist Daniel Goleman says: "In a high-IQ job pool, soft skills like drive, discipline and empathy mark those who emerge as outstanding."

The pandemic has created a unique situation where leaders need to be more in tune with their teams than ever before. Faced with myriad uncertainties, employees want to be valued, heard and understood. They need a deeper connection to their leaders and organisations – and the best executives realise this.

EXPERT COMMENTARY:

Adam Kingl, academic and author of
Next Generation Leadership
Human-centric leadership

Despite the digital revolution, we have not evolved our management model much beyond what was invented in the digital revolution more than 150 years ago. We have acquired ease of communication and efficiency, enhancement of scale and microprocessing from the digital revolution, but we still see our people as cogs in an industrial machine. They are devices that produce KPIs – effectively robots.

This is at odds with what executives and employees want, who frequently say that our organisations have less innovation and creativity than the sum of people in the business. Why? There is something in company management that drives creativity out.

Human-centric leadership is designed to do the opposite. It aims to drive creativity in organisations. How do we do it? We encourage adjacent thinking. We encourage general human capabilities, rather than specialties. We embrace lifelong learning as a way of mitigating against the impact of technology.

We also look to outputs, rather than outcomes. The things leaders traditionally value, such as profitability, share price and growth, are outcomes. The work your people do are outputs that drive outcomes, such as creating new products and serving customers. This is what motivates your employees.

Why is this important? Because generational change requires it. I surveyed high potential Gen Y employees - the leaders of tomorrow – about what they would focus on if they became business leaders. The number one answer was "focusing on personal and organisational mission". Less than 1% said "maximising financial value".

The next generation believes leadership is about reminding employees of the mission and values of the organisation so that they can prioritise the work they do. Doing so creates a golden thread behind why someone chooses to work for an organisation and the work they do. By helping an individual employee achieve their personal goals, they help the organisation achieve theirs.

Human-centric leadership is about changing your priorities to focus on the human motivations that drive work. It's about being relevant to the work of the future.

Leadership styles

If the need for stronger connections at work has taught us anything, it is that the era of command and control leadership is over. But what leadership styles will emerge from the post-COVID era?

A Deloitte paper called *Leadership styles of the future* examined how leaders deal with crises. It suggests that far from being random, all crises follow a three-stage structure: respond to the problem, recover from it and thrive in the 'new normal'.

In the respond stage, leaders need to show both empathy at the situation their people find themselves in, and also decisiveness to take action to help the organisation survive. In the

> **There will still be a need for setting visions and executing strategy, but future leaders will also need new skills**

recover stage (which is where we are now), it's about re-establishing your business with new ways of working. Doing this requires a collaborative approach to get buy-in from all stakeholders, while acknowledging that your employees are still struggling with the effects of the crisis.

Let's not forget the impact of Gen Z on the workforce too. They want to express ideas and be heard. Simply telling them what to do is unlikely to retain them and allow them to thrive.

All this means that the skills leaders need for the future are evolving. Yes, there will still be a need for setting visions and

"There will be a movement towards less bureaucracy and more agile, project-based working"

executing strategy, but future leaders will also need new skills. Author Jacob Morgan interviewed 140 CEOs from around the world for his book *The Future Leader*. Among other skills, he believes that traits such as being globally minded, intellectually curious and a part of your team, rather than simply leading it, will define good leadership in the future.

It also means that organisational structures are evolving. Flatter, less hierarchical structures allow organisations to be more flexible and innovative, as well as more responsive. And while not all businesses will follow the Zappos holacracy model of removing management layers, there will be a movement towards less bureaucracy and more agile, project-based working.

Corporate transparency

Organisations are no longer simply businesses where people work – they're now brands that need to express their own values and positions in society.

Social issues, such as the Black Lives Matter protests and environmental concerns, are increasingly affecting businesses, with leaders needing to give the right messages to articulate their organisation's values. Diversity and inclusion has always been important to HR and recruitment leaders, but the issue is now permeating the ◗

CASE STUDY:

Gaynor Powley, senior director HR, Tate & Lyle Sugars, an ASR Group company
How to implement culture change

The biggest priority for us over the last few years has been culture change within our organisation, driven by a change in leadership and organisational structure. Previously, we had a very matrixed structure with functional reporting, which led to a lot of siloed thinking and a lack of cooperation across functions.

Our new European president made it a big priority to try and build a culture of respect and teamwork, with everything focused on how we could work together as one team. At the same time as trying to build this, we took a global employee pulse survey – and what we got back was really negative. We found a lot of blame culture, poor relationships and a lack of clarity around where we stood as a business.

I took this raw information to the leadership team and we had a long session looking at where we were as a business, where we wanted

to go and what our people were telling us. Out of this, we created five new pillars of the business: leadership visibility, management accountability, working environment, communication and engagement. A member of the leadership team sponsored each pillar, going off to create teams to brainstorm initiatives we could introduce. From there, it evolved into our culture committee, which is an employee-led group who now drive it.

The pandemic has massively sped up the process of culture change. One obvious area is agile working, which the pandemic allowed us to test our policies on. How feasible was it from a business operations angle? Did we have the right tech to implement it?

One thing we've learned is to grow our family friendly policies, such as expanding parental leave, creating additional leave for returning mothers and instigating an annual leave

purchase policy. We decided to focus benefits around work/life balance and wellbeing.

The coming year is about embedding and living these new principles, but early signs are encouraging. Our engagement index was the fastest growing across the global business, with one production plant going from 25% to 67%, which is well above the market rate. One reason for this is our improved communication from leaders, particularly around the pandemic.

We have a good relationship with the UK government and have been early adopters of COVID-secure measures. For example, we had lateral flow testing in place from January and a mask policy from April 2020, both of which seemed surreal at the time. However, I think our people now appreciate it and feel we have been ahead of the curve. Our engagement has increased dramatically, purely based on our communication around the pandemic.

CASE STUDY:

Tom Baker, head of resourcing at M&G plc
The role of trust in the future of work

I'm fascinated by how organisations measure productivity at work, but for leaders, so much of this is about trust.

For example, one perceived way to measure productivity is through active users logging on and off a system. This is quite a crude approach, even if you incorporate active keystrokes in this measurement, however it's the most basic one many organisations start with.

I worked in Canary Wharf for a major wholesale bank during the London 2012 Olympic Games, and I remember the Olympic organising committee asking major employers in Canary Wharf to ensure a large proportion of employees worked from home during the Olympics, so as to reduce numbers on public transport passing through the network.

Back then, the employer I worked for actually saw growth in productivity via the simpler system of measuring log-on/offs, which influenced their thinking about allowing people to work from home. I suspect many organisations will have seen the same effect during the pandemic – it will force organisations and leaders to think differently and has vastly accelerated the flexible working evolution.

If leaders entrust their teams to manage their time in a way that works for them, then they'll reap rewards. Clearly, getting team collaboration calls on some traditionally scheduled touch points. By allowing people to be more productive, or simply interface more efficiently with their personal lives, it makes them more productive in their working lives.

I suspect that the organisations that are smart enough to realise the softer trust quotient that goes with allowing people to work remotely will stick with it and they'll see the benefits. What even the most resistant of leaders can't ignore is data. They will look at engagement, output, and innovation, and I suspect most will see growth in these from flexible working.

Ultimately, leaders need to find the right combination for their specific organisation. The problem will also be a basic logistical one. I suspect a majority of people don't want to be in on a Friday. Monday is a disliked day for commuting – so the most popular "in office" days will be Tuesday, Wednesday and Thursday, but office space won't be designed for that concentration.

Additionally, corporate tolerance for failing has to be lenient during these changing times. Leaders have to be willing to let people try out new ideas; try, test, fail and learn as necessary. The approach to how and where we do work will change and that's quite a journey to go on for leaders developed in traditional office environments themselves.

very top of executive teams – even if those leaders aren't as diverse as they could be.

Why? Because customers and candidates demand it. In the US, a survey of Gen Z after the George Floyd murder found that almost 90% believe that African Americans are treated differently. More than two-thirds (69%) believe that brands should do more to support the protests.

With the transfer in status, wealth and mass moving away from baby boomers to millennials and Gen Z, leaders are going to have to be more proactive in articulating core values and interacting with social issues to survive and thrive.

> " **Brands now need to express their own values and positions in society** "

EXPERT COMMENTARY:

Susanne Braun, professor in leadership, Durham Business School

Narcissistic leadership in a post-pandemic world

COVID-19 has put our working lives under the microscope: does my job make a difference? Does it bring me joy? Being confined at home, lacking opportunity for social connections, we've started to question the well-worn patterns of our work.

But people have also discovered some new freedoms in working remotely. A quick run in the park next door instead of lunch in a dark office canteen seems like a better deal. And your dog's separation anxiety is no longer an issue. Is this the start of a 'new world' of work? As a leadership scholar, I would argue it very much depends on the leaders who create and shape our workplaces.

Giving others freedom means that leaders need to take a step back. That doesn't come easy to all. Enter – the narcissistic leader.

We know from decades of research that narcissists seek the limelight. That's why more often than not we find them in leadership positions. Sadly, they fail to support others at the best of times.

Narcissism is a personality trait. It shapes how we think, feel and act. And narcissists typically act in their own best interests. Their charm and ambitiousness can pay off for businesses, but not their lack of care and consideration. Narcissists crave attention and control, features that aren't abundant in remote work. Our research showed that UK employees who were working remotely during the COVID-19 pandemic wanted to feel trusted. These feelings were hampered when their leaders tried to monitor them. And even worse, the lack of trust triggered exhaustion at the end of the workday.

If we are serious about new ways of working, narcissistic leaders will have to scale back on control. Are you concerned about being a narcissistic leader? Next time when things don't go your way, ask what it would take for you to trust others to do their job? Can you rely a little more on their skills and competencies?

The benefit of this is that you will give others the space to enjoy their work and feel that they make a difference in the post-pandemic world.

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Communication

The common thread linking all these issues is communication. Leadership of the future requires excellent communication, whether to influence your people to go with you, reassure them in the face of difficulties or update them on where the business stands.

During the COVID-19 pandemic, many leaders found that the best approach was to over-communicate, rather than risk under-communicating. With remote working, this took many forms, from video-conferencing and weekly emails, to – as one client discussed – buying text messaging software to keep factory workers up to date with the business's response to COVID-19.

" It's important to step back and think about the impact of your words before speaking "

But how do you ensure you get your message across? A McKinsey paper called *Communicating with teams, stakeholders and communities during COVID-19* suggests five ways: give people what they need, when they need it; communicate clearly, simply and frequently; choose candour over charisma; revitalise resilience, and find meaning in crisis.

The ultimate message from the paper is that it's important to step back and think about the impact of your words before speaking. A crisis can lead to feeling you need to say something, say anything. That's not what effective communication is about. Your people need to clearly understand what you want them to do, why you want them to do it and what impact it will have. They want you to exemplify what you want them to do, and they want to know how they can help.

For future leaders, effective communication is about fostering a sense of teamship and community within their employees, while ensuring clarity over roles, projects and outcomes.

" Being confined at home, lacking opportunity for social connections, we've started to question the well-worn patterns of our work "

Conclusion

C OVID-19 has had a seismic effect on the world of work. As organisations begin to move beyond the crisis and look to the future, it's important to understand the fundamental changes that influence working lives.

From remote working to future skills, Gen Z expectations to 100-year lives, wellbeing at work to psychological safety, the future of work is complex and uncertain. We have seen through our case studies and expert commentaries how organisations and academics

" The future of work offers an opportunity to reshape business for the better – it's time to take it "

see work changing, but the truth is that no one really knows. Who could have predicted a global pandemic back in 2019?

What this paper shows is the importance of being able to embrace change. Build resilience, a culture of learning and curiosity into your talent, and be empathetic, emotionally intelligent and collaborative in your leadership. And finally – be excited. The future of work offers an opportunity to reshape business for the better – it's time to take it.

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If your business is currently navigating any of the issues discussed in this paper, or you'd simply like to know more, please contact us.

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